




MEMORANDUM

To: President John Dunn
From: Lowell P. Rinker 
Re: Adjusted 2007-2008 Budget
Date: August 31, 2007

John, the attached document from the Office of University Budgets displays a couple of changes to our Board Booked Budget for 2007-2008. It is quite normal for us to have numerous changes to the booked budget throughout the year. Such changes are accumulated and shown as adjustments to the next year's booked budget. The Board approves the changes and the beginning budget once per year.

We are enclosing the attached only because the dollars are not insignificant. It should be noted that the changes are revenue neutral, so the \$5.9 million structural deficit remains unchanged. The changes are:

- Extended University Programs - You will note the EUP budget has been decreased approximately \$2.1 million in both the revenue and expense lines. This is reflective of earlier estimates of longer term expectation being booked for the coming year. We have been advised that the significant changes that have been made to the EUP structure will begin to yield fruit in the next fiscal year. Since EUP is essentially self supporting, they will also spend fewer dollars.
- Aviation Flight Fees - Historically the revolving nature of Aviation flight fees has been appropriately handled in non-general fund accounts. Flight fees fund the lease costs, fuel, maintenance, insurance and other costs associated with the airplanes and related flight instruction. In recent years, in attempt to control Aviation expenditures in total, all Aviation accounts were pulled into the general fund. Now that we have stabilized the Aviation operation, we are appropriately placing the Aviation flight fees back in the Designated Fund. The Aviation College's main operating budget remains part of the General Fund.

While these changes do not require Board approval at this time (these changes will be submitted for approval and incorporated as part of next year's booking budget), you may wish to pass along this note as an informal informational update. Please feel free to contact Dean Honsberger or myself for further discussion.

c: Bassam Harik
Dean Honsberger

WESTERN MICHIGAN UNIVERSITY

BUDGET OUTLOOK FOR 2007/08

	<u>Estimated Board Budget</u>	<u>Changes</u>	<u>Booked Budget</u>
2006/07 Revenue Base Prior to Changes (In Thousands)*	\$295,161.8		\$295,161.8
2007/08 Revenue Changes (In Thousands)			
State Appropriation Change (-1.68% Est. Decrease) **	-\$1,900.0		-1,900.0
Estimated Tuition Revenue Increase for 2007/08			
Tuition Increase (6.4%)	7,816.6		7,816.6
Enrollment Change (-1.87%)	-3,167.6		-3,167.6
EUP Revenue Adjustment		-2,071.2	-2,071.2
Aviation Flight Fees	244.9		244.9
Transfer Aviation Flight Fees to Designated Fund		-5,770.4	-5,770.4
Indirect Cost Recovery	700.0		700.0
Departmental Revenue	75.8	-21.5	54.3
Subtotal 2007/08 - Revenue Changes	<u>3,769.7</u>	<u>-7,863.1</u>	<u>-4,093.4</u>
2007/08 Estimated Resources Available	\$298,931.5		\$291,068.4
2006/07 Expense Base Prior to Changes (In Thousands)*	\$303,430.1		\$303,430.1
2007/08 Expense Changes (In Thousands)			
Compensation Increase	\$4,794.4		4,794.4
Fringe Benefit Rate Change	-1,000.0		-1,000.0
Utilities Increase (6.7%)	1,000.0		1,000.0
Student Financial Aid (6.4%)	1,838.0		1,838.0
Library Acquisitions (6.0%)	373.9		373.9
Aviation Program Support	244.9	-5,770.4	-5,525.5
Research Support (Indirect Cost Recovery)	700.0		700.0
Departmental Budgets - Departmental Revenue	75.8	-21.5	54.3
Debt Service (Phase 2 - Paper Pilot Plant)	650.0		650.0
EUP Expense Adjustment		-2,071.2	-2,071.2
Debt Service (EUP)	841.6		841.6
New Building Openings	600.0		600.0
Summer I & II Program Support	2,000.0		2,000.0
Subtotal 2007/08 - Expense Changes	<u>12,118.6</u>	<u>-7,863.1</u>	<u>4,255.5</u>
2007/08 Target Budget Reduction	<u>-10,651.0</u>		<u>-10,651.0</u>
2007/08 Estimated Expenditures	\$304,897.7		\$297,034.6
2007/08 Excess of Expenditures over Revenue	<u>-5,966.2</u>		<u>-5,966.2</u>
One-Time Funding	\$5,966.2		\$5,966.2

* 2006/07 excess expenditures over revenue (-8,268,294).

** Assumes the delayed \$10.2 million August state appropriation payment is returned and that it remains in the 2007/08 base appropriation.

WESTERN MICHIGAN UNIVERSITY
 Estimated Beginning Board Budget
 Fiscal Year 2007/08

	2006/07 Estimated Board Budget	Changes	Approved 7-31-07 2007/08 Estimated Board Budget	Additional Recommended Adjustments	Adjusted 2007/08 Estimated Board Budget
<u>Revenue</u>					
State Appropriations - Base	\$112,876,361	-\$1,900,000	\$110,976,361		\$110,976,361
Tuition - On & Off Campus	171,522,990	4,649,018	176,172,008	-2,071,236	174,100,772
Investment Income	497,942	0	497,942		497,942
Indirect Cost Recovery	2,300,000	700,000	3,000,000		3,000,000
Special Fees	946,000	0	946,000		946,000
Aviation Flight Fees	5,525,433	244,932	5,770,365	-5,770,365	0
All Other	730,605	0	730,605		730,605
Departmental Revenue	<u>762,452</u>	<u>75,833</u>	<u>838,285</u>	<u>-21,556</u>	<u>816,729</u>
					0
Total Revenue	<u>295,161,783</u>	<u>3,769,783</u>	<u>298,931,566</u>	<u>-7,863,157</u>	<u>291,068,409</u>
<u>Expense</u>					
Engineering & Applied Science	\$17,874,100	-\$622,434	\$17,251,666		\$17,251,666
Business	13,424,172	-508,402	12,915,770		12,915,770
Education	12,596,056	-510,224	12,085,832		12,085,832
Extended University Programs	11,252,965	789,184	12,042,149	-2,092,792	9,949,357
Arts & Sciences	47,626,213	458,288	48,084,501		48,084,501
Aviation	9,536,369	255,196	9,791,565	-5,770,365	4,021,200
Fine Arts	12,523,586	-176,605	12,346,981		12,346,981
Health & Human Services	11,938,882	-94,497	11,844,385		11,844,385
Misc. Units & Reserves	<u>10,807,182</u>	<u>2,681,715</u>	<u>13,488,897</u>		<u>13,488,897</u>
Subtotal Instruction	\$147,579,525	\$2,272,221	\$149,851,746	-\$7,863,157	\$141,988,589
Research	\$3,065,706	-\$498,934	\$2,566,772		\$2,566,772
Public Service	2,640,098	241,209	2,881,307		2,881,307
Academic Support	36,236,241	301,980	36,538,221		36,538,221
Student Services	20,427,985	280,026	20,708,011		20,708,011
Institutional Support	30,048,652	-4,434,783	25,613,869		25,613,869
Operation & Maintenance of Plant	32,083,931	1,069,486	33,153,417		33,153,417
Student Financial Aid	<u>31,347,939</u>	<u>2,236,505</u>	<u>33,584,444</u>		<u>33,584,444</u>
Subtotal	\$155,850,552	-\$804,511	\$155,046,041	\$0	\$155,046,041
Excess Expenses Over Income	-8,268,294	2,302,073	-5,966,221	0	-5,966,221
Total Expense	<u>\$295,161,783</u>	<u>\$3,769,783</u>	<u>\$298,931,566</u>	<u>-\$7,863,157</u>	<u>\$291,068,409</u>